

No. 23481

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
ZAMBIA**

**Agreement on certain commercial debts (with schedules).
Signed at Lusaka on 30 December 1983**

Authentic text: English.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
6 August 1985.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
ZAMBIE**

**Accord relatif à certaines dettes commerciales (avec annexes).
Signé à Lusaka le 30 décembre 1983**

Texte authentique : anglais.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
6 août 1985.*

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA ON CERTAIN COMMERCIAL DEBTS

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as “the United Kingdom”) and the Government of the Republic of Zambia (hereinafter referred to as “Zambia”);

As a result of the Conference regarding consolidation of Zambian debts held in Paris on 13 and 16 May 1983 at which the Government of the United Kingdom, the Government of Zambia, certain other Governments, the International Monetary Fund, the International Bank for Reconstruction and Development, the Secretariat of the United Nations Conference on Trade and Development and the Organisation for Economic Co-operation and Development were represented;

Have agreed as follows:

Article 1. DEFINITIONS

In this Agreement, unless the contrary intention appears:

(a) “Certificate” shall mean a certificate issued by the Bank of Zambia to account for the payment in Kwacha made by the debtor;

(b) “Credit contract” shall mean a credit contract as defined in Article 2 of this Agreement;

(c) “Credit period” shall mean in relation to a credit contract the longest period of credit in respect of debts under that contract and shall include those contracts which do not provide for any credit to be given;

(d) “Creditor” shall mean a creditor as defined in Article 2 of this Agreement;

(e) “Currency of the debt” shall mean sterling or where other currency as is specified in the credit contract; this will be converted into sterling at the rate prevailing on the date of signature of the Paris Club Agreed Minute (i.e. 16 May 1983);

(f) “Debts” shall mean any debt to which, by virtue of the provisions of Articles 2 and 10 of this Agreement and of Schedule 2 thereto, the provisions of this Agreement apply;

(g) “Debtor” shall mean a debtor as defined in Article 2 of this Agreement;

(h) “Maturity” in relation to a debt shall mean the date for the repayment thereof under the relevant credit contract or under a promissory note or bill of exchange drawn up pursuant to the terms of such credit contract;

(i) “Payment in Kwacha” shall mean payment in Zambian Kwacha as specified in Article 3 of this Agreement;

(j) “The Bank” shall mean the Bank of Zambia;

(k) “The Department” shall mean the Export Credits Guarantee Department of the Government of the United Kingdom or any other Department thereof which the Government of the United Kingdom may nominate for the purposes of this Agreement;

¹ Came into force on 30 December 1983 by signature, in accordance with article 11.

(l) "Transfer scheme" shall mean the transfer scheme referred to in Article 4 of this Agreement.

Article 2. THE DEBT

(1) The provisions of this Agreement shall, subject to the provisions of paragraph (2) of this Article, apply to any debt, whether of principal or of contractual interest accruing up to maturity owed as primary or principal debtor or as guarantor by the Government of Zambia or by a person or body of persons or corporation resident or carrying on business in Zambia or by any successor thereto (hereinafter referred to as "debtor") to a person or body of persons or corporation resident or carrying on business in the United Kingdom or to any successor thereto (hereinafter referred to as "creditor") provided that:

- (a) The debt arises under or in relation to a contract or any agreement supplemental thereto which was made between the debtor and the creditor for the supply from outside Zambia of goods or services or both or of finance therefor, and which was entered into before 1 January 1983 (hereinafter referred to as a "credit contract");
- (b)
 - (i) In the case of a debt arising under a credit contract where the maturity of the debt occurred on or before 31 December 1982 that debt remains unpaid;
 - (ii) In the case of a debt arising under a credit contract where the credit period is more than one year, maturity of the debt occurred or will occur between 1 January 1983 and 31 December 1983 (both dates inclusive) and where maturity has occurred that debt remains unpaid;
- (c) The debt is in respect of a credit contract guaranteed as to payment of that debt under a guarantee issued by the Department; and
- (d) The debt is not expressed by the terms of the credit contract to be payable in Kwacha.

(2) The provisions of this Agreement shall not apply to so much of any debt as arises from an amount payable upon or as a condition of the formation of the credit contract, or upon or as a condition of the cancellation or termination of the credit contract.

Article 3. PAYMENTS IN KWACHA IN RESPECT OF DEBTS

Each payment in Kwacha by a debtor in respect of a debt shall upon the entry into force of this Agreement or upon payment by the debtor, whichever is the later, be placed upon deposit in a special account with the Bank. Amounts so deposited shall remain deposited with the Bank until transfer to the creditors in accordance with the provisions of Article 4 of this Agreement.

Article 4. PAYMENTS TO CREDITORS

Zambia undertakes to pay its debts punctually and shall ensure that funds are transferred to the Department on behalf of creditors in the United Kingdom in the currency of the debt in accordance with the transfer scheme set out in Schedule 1 to this Agreement.

Article 5. INTEREST

(1) Zambia shall be liable for and shall pay to the Department on behalf of the creditors interest in accordance with the provisions of this Article on any debt to the

extent that it has not been settled by payment to the creditor in the United Kingdom pursuant to Article 4 of this Agreement.

(2) Interest shall accrue during, and shall be payable in respect of the period from maturity until the settlement of the debt by payment to the creditor, and shall be paid and transferred to the creditor concerned in the currency of the debt half-yearly on 30 June and 31 December each year commencing on 31 December 1983.

(3) The rate of interest applied to the debt shall be calculated at 1 per cent above the London Inter-Bank Offer Rate for the period in question. The method of calculation will be agreed in separate correspondence between the Bank and the Department. No additional commission or premium will be charged.

Article 6. EXCHANGE OF INFORMATION

The Department and the Bank shall exchange all information required for the implementation of this Agreement.

Article 7. OTHER DEBT SETTLEMENTS

(1) If Zambia agrees with any creditor country other than the United Kingdom terms for the settlement of indebtedness similar to the indebtedness the subject of this Agreement which are more favourable than are the terms of this Agreement to creditors, then the terms of the payment of debts the subject of this Agreement shall, subject to the provisions of paragraphs (2) and (3) of this Article, be no less favourable to creditors than the terms so agreed with that other creditor country notwithstanding any provision of this Agreement to the contrary.

(2) The provisions of paragraph (1) of this Article shall not apply in a case where the aggregate of the indebtedness to the other creditor country is less than the equivalent of SDR 500,000.

(3) The provisions of paragraph (1) of this Article shall not apply to matters relating to the payments of interest determined by Article 5 hereof.

Article 8. PRESERVATION OF RIGHTS AND OBLIGATIONS

This Agreement and its implementation shall not affect the rights and obligations of creditors and debtors under their credit contracts.

Article 9. RULES

In the implementation of this Agreement the rules set out in Schedule 2 to this Agreement shall apply.

Article 10. THE SCHEDULES

The Schedules to this Agreement shall form an integral part thereof.

Article 11. ENTRY INTO FORCE AND DURATION

This Agreement shall enter into force on signature and shall remain in force until the last of the payments to be made to the creditors under Articles 4 and 5 of this Agreement has been made.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Agreement.

DONE in two originals at Lusaka this 30th day of December one thousand nine hundred and eighty-three.

For the Government
of the Republic of Zambia:

L. J. MWANANSHIKU

For the Government
of the United Kingdom of Great Britain
and Northern Ireland:

J. JOHNSON

SCHEDULE 1

Transfer Scheme

(1) In respect of a debt due under a credit contract having a credit period of more than one year the maturity of which fell due or will fall due between 1 January 1983 and 31 December 1983 (both dates inclusive) and after maturity remains unpaid:

- (a) 90 per cent of each debt shall be paid and transferred from Zambia to the United Kingdom in 10 equal and consecutive half-yearly instalments on 30 June and 31 December each year commencing on 31 December 1988; and
- (b) 10 per cent of each debt shall be paid and transferred from Zambia to the United Kingdom in 5 equal instalments the first not later than 31 December 1983 and subsequent instalments on 31 December 1984, 1985, 1986 and 1987 respectively.

(2) In respect of each debt which fell due on or before 31 December 1982 and remains unpaid payments shall be made and transferred from Zambia to the United Kingdom in 10 equal and consecutive half-yearly instalments on 30 June and 31 December each year commencing on 31 December 1983.

SCHEDULE 2

Rules

(1) The Department and the Bank shall agree a list of debts to which, by virtue of the provisions of Article 2 of this Agreement, this Agreement applies.

(2) Such a list shall be completed as soon as possible. This list may be reviewed from time to time at the request of the Department or the Bank. The agreement of both the Department and the Bank shall be necessary before the list may be altered or amended or added to.

(3) Neither inability to complete the list referred to in paragraphs (1) and (2) of this Schedule nor delay in its completion shall prevent or delay the implementation of the other provisions of this Agreement.

(4) Upon the placing of a payment in Kwacha on deposit in the special account with the Bank pursuant to Article 3 of this Agreement the Bank shall notify the Department when requested of such deposit by remitting a certificate issued by the Bank which shall state:

- (a) The amount of such payment in Kwacha expressed in the currency of the debt;
- (b) The date of such payment; and
- (c) Particulars of the credit contract and date of payment of the debt to which such payment relates.

(5) (a) The Bank shall transfer the necessary amounts in the currency of the debt to the Department in the United Kingdom together with payment instructions in favour of the creditor to whom payment is due in accordance with this Agreement.

(b) When making such transfer the Bank shall give the Department particulars of the debts and of the interest to which the transfers relate.
